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REMARKS

Claims 1-26 are pending in the present application. In the Office Action mailed January 21, 2005, the Examiner rejected claims 1-16 under 35 U.S.C. §112, second paragraph, as being indefinite. Claim 1 was also rejected under 35 U.S.C. §112, second paragraph, as being incomplete. The Examiner next rejected claims 1-10 and 17-26 under 35 U.S.C. §101 as being directed to non-statutory subject matter.

Rejections Under §112

Claims 1-16 were rejected under 35 USC §112 as being indefinite for failing to particularly point out and distinctly claim the subject matter Applicant regards as the invention. Specifically, the Examiner stated that claim 1 calls for "determining a statistical calculation" and claim 11 calls for an instruction causing a processor to "determine overall shipment quality using quality metrics." The Examiner concluded that it is "unclear" how these determinations are made, and thus claims 1 and 11 are indefinite.

First, claim 1 does not merely call for "determining a statistical calculation." Rather, claim 1 calls for the step of "determining a statistical calculation to indicate process quality using the shipment quality metric." Therefore, the language of claim 1 adequately indicates the manner in which the statistical calculation is to be determined, i.e. by the "shipment quality metric." Furthermore, the Specification describes in greater detail how the "statistical calculation" of claim 1 is to be determined. Beginning at page 9, paragraph 26, the Specification states that Fig. 2 "provides a description of a preferred process for creating the statistical calculation to indicate quality" and proceeds to describe the embodiment. "The test for definiteness under 35 U.S.C. §112, second paragraph, is whether 'those skilled in the art would understand what is claimed when the claim is read in light of the specification.'" MPEP §2173.02; *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1576, 1 USPQ2d 1081, 1088 (Fed. Cir. 1986) (Emphasis added). When read in light of the specification, claim 1 adequately points out and distinctly claims the subject matter of the present invention. The Specification at page 9, paragraph 26 et. seq. and Fig. 2 make clear to one of ordinary skill in the art how the calculation of claim 1 is to be performed. Accordingly, claim 1 does particularly point out and distinctly claim the subject matter Applicant regards as the invention.

In regard to claim 11, the Examiner indicated that "it is unclear how the overall shipment quality is determined using the quality metrics." However, the above referenced section of the Specification, page 9, paragraph 26 et. seq., also includes a description of "determine[ing] overall

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shipment quality," as called for in claim 11. Therefore, when read in light of the specification, claim 11 does particularly point out and distinctly claim the subject matter of the present invention.

Claim 1 was also rejected under 35 U.S.C. §112 as being incomplete for omitting essential steps. The Examiner indicated that claim 1 lacks the "essential step" of "measuring product shipment capability," and that the omission "amount[s] to a gap between the steps." The Examiner cited MPEP §2172.01 in support of the rejection. However, §2172.01 requires that allegedly omitted matter must be "disclosed to be essential to the invention." (Emphasis added.) Additionally, according to MPEP §2172, "[a] rejection based on the failure to satisfy this requirement is appropriate only where applicant has stated, somewhere other than in the application as filed, that the invention is something different from what is defined by the claims." The Examiner has not pointed to any language wherein Applicant has stated that "measuring product shipment capability" is an essential step to the invention as claimed. Since Applicant has not made any such statements, a rejection based on the omission of essential steps is improper.

Claim 3 was rejected under 35 USC §112 as being indefinite for lacking antecedent basis by calling for "displaying the percentage...." Applicant has amended claim 3 to correct this typographical error by calling for "displaying a percentage...." This amendment is not intended to limit the scope of claim 3 in any way, but rather to merely correct a typographical error.

In light of at least the foregoing, claims 1-16 are believed to be consonant with Title 35 of the U.S. Code and, therefore, withdrawal of the §112 rejection is requested.

Rejections Under §101

Before addressing the Examiner's rejections under 35 U.S.C.C. 101, Applicant notes that, in the Office Action of September 22, 2004, the Examiner found it appropriate to classify each of the presently pending claims into one of the classifications of the statutory classification system. Specifically, the Examiner indicated a belief that claims 1-10 were classified in class 705, subclass 28 and that claims 11-26 were classified in class 707, subclass 3. Therefore, Applicant finds the Examiner's current rejections under §101 to be inconsistent with the Examiner's previous indication that the claims were within statutory classes. That is, the Examiner previously expressed a belief that the claims were statutory, and now has rejected the claims for being nonstatutory.

In particular, claims 1-10 and 17-26 were rejected under 35 U.S.C. §101 as being directed to nonstatutory subject matter. In regard to the rejection of claims 1-10, the Examiner stated that

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a claimed invention “must be within the technological arts” to satisfy §101, and that an invention which promotes the progress of social sciences (as compared to physical sciences) is nonstatutory. The Examiner further indicated that claim 1 does not produce a useful, concrete, and tangible result such as measuring the product shipment process capability.

First, the Examiner has applied the wrong test. To be considered statutory subject matter, an invention must be “limited to a practical application within the technological arts,” and need not necessarily be “within the technological arts.” MPEP §2106. (Emphasis added.) Conversely, “[o]nly when the claim is devoid of any limitation to a practical application in the technological arts should it be rejected under 35 U.S.C. §101.” *Id.* The Examiner bears the burden of establishing that a claim as a whole “is directed to solely an abstract idea, or to manipulation of abstract ideas, or does not produce a useful result.” *Id.* In doing so, the Examiner must clearly set forth how the claims are being interpreted to warrant such a rejection. *Id.* Here, the Examiner has not made these showings or proffered such an explanation.

Essentially, the Examiner’s argument with respect to claim 1 is that the claim is nonstatutory because it does not “incorporate technology” such as a computer processor for “performing at least one of the steps of the invention (ie. a measuring step).” However, Applicant is unaware of any requirement that a claim must “incorporate technology.” Further, it appears that the Examiner has attempted to apply a test for whether the claimed invention is statutory which considers the presence or absence of physical elements. However, Applicant notes that tests for determining whether subject matter is statutory which consider the presence or absence of physical elements or physical transformations are no longer necessary or favored. See, e.g. *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352, 1357 (1999). Rather, a method claim must merely be limited to a practical application within the technological arts which produces a useful, concrete, and tangible result, regardless of whether the claim recites any particular physical limitations. *Id.* Nevertheless, claim 1 expressly calls for “maintaining a database that contains [various specific] fields.”

In addition, MPEP §2106 sets forth several examples of inventions which have been held to be statutory subject matter. In particular, §2106 discusses the invention at issue in *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F. 3d 1368, 47 USPQ2d 1596 (Fed. Cir. 1998), a method of transforming monetary data into a final share price. This use of a mathematical calculation in a business endeavor was held to be limited to a practical application within the technological arts. *Id.* Likewise, the present invention as described in claim 1 is limited to a practical application within the technological arts. Just as in *State Street*, the present

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invention uses mathematical calculations to provide for a determination of a value useful in a business endeavor. Therefore, the claimed invention provides a practical application of a mathematical calculation within the technological arts.

Additionally, the Examiner also stated that an invention must "promote the progress" of physical sciences and not social sciences. However, the Examiner did not cite any support for this purported requirement. Nevertheless, as methods of doing business have long been recognized as patentable, Applicant believes that applying a constraint that inventions may only promote the progress of physical sciences would be improper. See *State Street*, 149 F. 3d at 1375. Therefore, the fact that claim 1 is directed to a method in the field of shipping is not a valid basis for rejection under §101.

Furthermore, product orders and shipping are not mere abstract ideas, but rather connote real world occurrences and considerations. Thus, claim 1 is not directed solely to abstract ideas. Claim 1 expresses several characteristics an order must possess to be employed in the method recited therein. That is, an order must have "a max ship date, a customer requested date, and a product category," to be manipulated by the method of claim 1. Thus, claim 1 does not preempt other uses of databases in general or other types of ordering/shipping methods in general. See MPEP §2106.

Therefore, the subject matter recited in claim 1 provides a practical application in the technological arts. Claim 1 also produces a concrete, useful, and tangible result because claim 1 explicitly states what the statistical calculation provides -- an indication of process quality. Knowing the quality of its shipping processes is an invaluable tool to a business. Analogous to the *State Street* case, the present invention provides a method for determining or calculating a value useful in business. Therefore, the invention as recited in claim 1 has a practical application in shipping processes and produces a useful, concrete, and tangible result by providing a method for determining process quality.

With respect to claim 17, the Examiner stated that "[t]he claim fails to produce a useful, concrete, and tangible result (measuring the product shipment process capability)." In other words, it appears that the Examiner believed that "measuring the product shipment process capability" is a useful, concrete, and tangible result and that claim 17 does not do so. However, claim 17 explicitly calls for an instruction causing a computer processor to "compute ... a statistical value providing an indication of process capability." According to MPEP §2106, the Examiner must set forth how claim 17 is being interpreted such that this element could be

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considered so different from "measuring the product shipment process capability" (a useful result according to the Examiner) as to warrant a rejection under §101. The Examiner has not done so.

Additionally, the Examiner previously stated that the rejection of claim 1 could be overcome by incorporating technology, such as a computer processor. Claim 17 is directed to instructions to be performed on such a computer processor, however the Examiner has deemed claim 17 to be nonstatutory. It is clear, therefore, that the Examiner has not applied a consistent rule for determining whether subject matter is statutory. That is, claim 1 was rejected for not incorporating a computer processor (which is contemplated in claim 17), and claim 17 was rejected for not producing a useful result (such as the method of claim 1). However, as stated above, the absence of particular physical limitations is not the standard for rejections under §101. And, both claims 1 and 17 produce useful results in providing for the determination of process quality and process capability, respectively.

The proper test for whether a claim is directed to statutory subject matter has been detailed above. According to the MPEP, the subject matter of claim 17 is statutory because it is directed to a practical application in the technological arts (i.e. orders and shipping). In addition, the claimed invention produces a useful, concrete, and tangible result because it calls for the computation and display of a value indicating process capability. Knowing the capability of shipping processes is extremely important to the success of businesses. The Examiner has even acknowledged that this is a useful, concrete, and tangible result. Therefore, the rejection of claim 17 must be withdrawn.

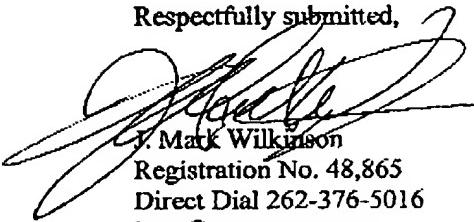
In conclusion, the rejection of claims 1-16 under 35 U.S.C. §112 cannot be sustained since the claims are not indefinite when read in light of the Specification, and since claim 3 has been amended. Furthermore, Applicant has shown that claims 1-10 and 17-26 recite statutory subject matter. As no other basis for rejection remains, Applicant respectfully believes that the present application is in condition for allowance. As a result, Applicant respectfully requests timely issuance of a Notice of Allowance for claims 1-26.

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Applicant appreciates the Examiner's consideration of these Amendments and Remarks and cordially invites the Examiner to call the undersigned, should the Examiner consider any matters unresolved.

Respectfully submitted,



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